



Business Management Assessment (BMA)
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The following information is contained within the BMA online form in the “help” buttons.

Question 7. Business Entity Type:

- **Governmental/Political Subdivision** – May include county, city, ambulance districts, public school districts, public hospital districts, public water districts, ...
- **Institution of Higher Education** – Education institution beyond the secondary level, especially education at the college or university level.
- **For Profit Corporation/Organization** – A business or other organization whose primary goal is making money (a profit), as opposed to a non-profit organization which focuses a goal such as helping the community and is concerned with money only as much as necessary to keep the organization operating. Most companies considered to be businesses are for profit organizations.
- **Non Profit Corporation/Organization (NPO)** – Associations, charities, cooperatives, and other voluntary organizations formed to further cultural, educational, religious, professional, or public service objectives. Their startup funding is provided by their members, trustees, or others who do not expect repayment, and who do not share in the organization's profits or losses which are retained or absorbed. Approved, incorporated, or registered NPOs are usually granted tax exemptions, and contributions to them are often tax deductible. Most non-governmental organizations (NGOs) are NPOs.

Question 8. What type of audit(s) has the organization had within the last three years?

Definition

An audit or financial review is an official inspection of an individual's or organization's accounts and/or internal controls, typically by a certified public accountant (CPA). An independent audit of your financial statements by a CPA is not the same as having financial statements prepared on a regular basis by a bookkeeping or accounting firm.

Single Audit (A-133) Definition and Requirement

A non-Federal entity (contractor) that expends \$750,000 or more in Federal funds during the Contractor's fiscal year must have a Single Audit or Program-Specific Audit conducted for that year in accordance with 2 CFR 200 Subpart F – Audit Requirements. A Program Specific Audit is allowed when the Contractor received and expends Federal funds from only one Federal fund source and when there are not specific Program requirements for a financial statement audit of the Contractor's financial management system (2 CFR 200.507). The Contractor's auditor can answer if audits performed for the past three fiscal years were Single or Program-Specific Audits.



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Question 9. Do you have a fund accounting system or other methodology (such as a manual recordkeeping process) capable of producing accurate, current and complete disclosures of financial reporting requirements of each federally funded program in which you participate?

The Contractor’s financial management system or methodology must provide for the following:

- a. Identification, in its accounts, of all Federal funds received and expended and the Federal programs under which they were received. Funds identification must include the CFDA title and number, Federal award identification number and year, Name of the Federal agency, and Name of the pass-through entity (i.e., Missouri Department of Health and Senior Services).
- b. Records that identify adequately the source and application of funds for Federally-funded activities;
- c. Effective control over, and accountability for, all funds, property and other assets. The Contractor must adequately safeguard all assets and assure that they are used solely for authorized purposes;
- d. Comparison of expenditures with budget amounts for each Federal fund source;
- e. Written procedures for determining the allowability of costs (2 CFR 200.302(b)).

Question 10. Is your financial management system or methodology referenced in the previous question capable of identifying federal pass-through funds received from DHSS, including the following:

The Contractor’s financial management system or methodology must be capable of identifying pass-through funds received from the Missouri Department of Health and Senior Services. This information can be found in the contract documents. An elaborate computer system is not required to track the information; however, it must be stored in some manner that permits reporting of expenditures with these elements. If the information is not available, this will result in a high risk determination.

- a. The Catalog of Federal Domestic Assistance (CFDA) is a directory of the various Federal programs, projects, services and activities that offer financial and non- financial assistance and benefits the American public. The role of the CFA is to disseminate Federal domestic assistance program information, and to assist user in finding programs that meet certain objectives of prospective applicants.
- b. A FAIN is a Federal Award Identification Number (e.g., R01CA987654) similar to the National Institute of Health (NIH) Grant Number (e.g., 1-R01-CA987654-01). According to OMB Federal Register Notice published on 14 September 2010, a FAIN is used to identify new Federal grants and cooperative agreements that are subject to



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executive compensation and subaward reporting, and differentiates these awards from other awards or obligating actions that provide additional funding under continuing awards funded in prior fiscal years.

- c. This is the name of the Federal agency (i.e., U.S. Department of Agriculture) that originally awards the funds to grantees or pass-through entities like the Missouri Department of Health and Senior Services.
- d. Name of the pass-through entity (i.e., Missouri Department of Health and Senior Services).

Question 11. Do you have written procedures to ensure that all transactions are recorded in a timely, accurate manner and produces records that identify the source and use of the federal funds?

Recipients of Federal funds (Contractor) must apply cost principles in its financial management system in accordance with 2 CFR 220 Subpart E – Cost Principles. The Contractor must determine the allowability and allocability of costs in the operation of the Federal Program based on the principles of necessity, reasonableness and consistency in the operation of the Program and in meeting Program goals. Costs must be adequately documented according to written procedures for timely, accurate recording consistent with agency regulations and contract terms and conditions.

Question 12. Do your written policies and procedures include a section for:

- a. Ethics and Professional Conduct. The Contractor must maintain a written code of standards of conduct which shall govern the performance of their officers, employees or agents engaged in the award and administration of contractors supported by Program payments. (7 CFR 226.22(d))
- b. Personnel. Position descriptions; the recruiting and hiring process; pay scales and compensation; fringe benefits; timekeeping methods; and, termination policy.
- c. Accounting Transactions. Timely recording of transactions and determination of the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles, agency regulations, and contract terms and conditions.
- d. Payments.
- e. Allowability of Costs. Costs must be reasonable. Costs must be given consistent treatment through application of Generally Accepted Accounting Principles (GAAP). Costs must conform to any limitation or exclusions set forth in the contract or federal Cost Principles.
- f. Property and Equipment. Equipment records; inventory and control requirements; maintenance procedures; and, disposition procedures.



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- g. Records Retention. All financial records related to the operation of the Program must be retained for a period of three years after the date of submission of the final claim for the fiscal year to which they pertain, except that if audit findings have not been resolved, the records shall be retained beyond the end of the three year period for as long as may be required for the resolution of the issues raised by the audit.
- h. Purchasing/Procurement. Establishes internal controls and includes codes of conduct, competition, purchasing procedures, cost and price analysis, and purchasing records.

Question 13. Do written purchasing policy and procedures specify code of conduct standards requiring all employees, officers (and their immediate families) or affiliates not to solicit or accept gratuities, favors or anything of monetary value from contractors or potential contractors?

Federal guidelines require written standards of conduct governing codes of conduct for an organization’s employees engaged in the award and administration of contracts. Check YES if your policies and procedures include a section for standards of conduct, including a prohibition against accepting gratuities, favors, or anything of monetary value from contractors or potential contractors.

Question 14. Do written purchasing policy and procedures establish conflict of interest standards in fact and appearance?

The Contractor must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in purchasing and procurement for the Contractor’s organization according to 2 CFR 200.318. No employee, officer or agency may participate in the selection, award or administration of a contract supported by Federal funding if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of those individuals, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees and agents of the Contractor may neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to subcontracts. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees or agents of the Contractor’s organization.



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Question 17. Do written policy and procedures establish a financial segregation of duties?

One component of internal control standards is the assignment of key steps in processing transactions to different individuals in an organization. For example, the person who writes the checks should not be the person who balances the accounts. Mark Yes if your organization has assigned each step to separate personnel.

Question 18. What comprehensive basis of accounting does your organization use for its financial statements?

The Contractor’s basis of accounting is the method used to report revenue and expense transactions in its accounting system and financial statements. The basis of accounting can be found on the Contractor’s most recent audit report. If you are unsure which accounting basis is used, contact your accountant.

- a. Accrual Basis. Expenses and income are consistently reported when the expense or income is incurred.
- b. Cash Basis. Expenses and income are consistently reported when paid or received.
- c. Modified Cash Basis. Certain expenses and income are reported on an accrual basis while others are reported on a cash basis.